

competition and/or result in higher prices due to the loss of "area pricing" advantages when a potential supplier has a single production point.

(ii) Conversely, for many smaller commercial items (hand tools, locks, etc.) manufacturers may quote the same price for delivery anywhere in the U.S.

(iii) Contracting officers should obtain the advice and assistance of transportation specialists before grouping geographic locations or delivery points, to include information regarding the location of tariff boundaries.

514.272 Price list method.

(a) *General.* The price list method may be used to avoid unbalanced bidding in requirements and indefinite quantity/indefinite delivery contracts when aggregate awards will be made and accurate estimates of anticipated quantities are unavailable. This method utilizes pre-established list prices for acquiring groups of similar items, services, or repairs and alterations. The following elements of the price list method must be included in the solicitation:

(1) A pre-established price list.

(2) An estimate of requirements, if available.

(3) A requirement that a bidder express its price as "net" or as a percentage added to or subtracted from the list prices for each group.

(4) The percentage factor in (a)(3) of this section is a price related factor, which must be identified in Section M of the Uniform Contract Format.

(b) *Development of pre-established list prices.* (1) Pre-established list prices may be developed by one or more of the following methods:

(i) Industry published prices.

(ii) Industry surveys.

(iii) Government cost estimates based upon knowledge of the supplies

or services to be grouped and previous contract prices.

(2) When proposed list prices will be used for the first time, prospective bidders should be given an opportunity to review the proposed list and furnished information on how the list prices will be used. Copies of the draft solicitation may be provided.

(3) The contracting officer must ensure that items are properly grouped and that the list prices for the grouped items bear a reasonable and balanced relationship to one another. Before using prices resulting from awards made under the weighted item method to develop price lists, those prices must be reviewed to ensure that they did not result from unbalanced bidding.

514.272-1 Supply contracts.

(a) Estimated requirements for each item in a group or for the entire group must be shown in the solicitation. For contracts for store stock items, estimated quantities should be shown only if estimates of demand for each item within a group can be derived from Government records (or verified contractor sales reports). All the estimates must be current. If the Government's needs cannot be estimated, the solicitation may include past orders. (See CG Decision, B-209037, 82-2 CPD para 323 (1982).)

(b) The bidding schedule must clearly state that bidders must quote only one percentage factor for each group, which must be expressed as either "net" or as a deduction from or an addition to the listed prices.

(c) The following illustrates a bidding schedule arrangement for a group of items for aggregate award under the price list method:

Drills, Twist, High Speed, under Federal Specification (dated _____) and Amendment _____ (dated _____), Wire gauge sizes, straight shank, shortlength, Type C:

Item No.	National stock No.	Drill size	Est. quantity	Unit	List price
Group 1 (Items 1 through 5)					
1	5133-00-189-9246	1	2,800	Package	\$11.16
2	5133-00-189-9247	2	2,400	Package	11.16
3	5133-00-189-9248	3	2,800	Package	10.44
4	5133-00-189-9249	4	1,600	Package	10.80
5	5133-00-189-9250	5	2,000	Package	10.80